

Bland Bankart Retirement Benefits Scheme Implementation Statement for the year ended 31 May 2022

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustee of the Bland Bankart Retirement Benefits Scheme (“the Scheme”) has followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 31 May 2022 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

In Q1 2019, the Trustee received training on Environmental, Social and Governance (“ESG”) issues from their Investment Adviser, XPS Investment (“XPS”) and discussed their beliefs around those issues. This enabled the Trustee to consider how to update their policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers’ own equivalent policies. The Trustee’s new policy was first documented in the updated Statement of Investment Principles dated August 2019 and remains in the updated Statement of Investment Principles dated September 2020.

The Trustees’ policy

The Trustee believes that there can be financially material risks relating to ESG issues. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme’s investment managers. The Trustee requires the Scheme’s investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustee seeks advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there have been no such manager selection exercises.

Ongoing governance

The Trustee, with the assistance of XPS, monitors the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustee’s requirements as set out in this statement. Should the Trustee become aware that an investment manager’s engagement and voting practices are inadequate or that the results of such engagement are mis-aligned with the Trustee’s expectations, the Trustee will engage

with the manager to encourage alignment. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the Trustee may consider terminating the relationship with that investment manager.

Beyond the governance work currently undertaken, the Trustee believes that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

Adherence to the Statement of Investment Principles

During the reporting year the Trustee was satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. Investments in equities will also form part of the strategy for the diversified growth fund in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below. Based on this summary, the Trustee concluded that the investment managers have exercised their delegated voting rights on behalf of the Trustee in a way that aligns with the Trustee’s relevant policies in this regard.

Legal and General Investment Management Dynamic Diversified Fund

Voting Information
Legal and General Investment Management Dynamic Diversified Fund
The manager voted on 99.79% of resolutions of which they were eligible out of 71,658 eligible votes.
Investment Manager Client Consultation Policy on Voting
<p>LGIM’s voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. Its voting policies are reviewed annually and take into account feedback from its clients.</p> <p>Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continues to develop its voting and engagement policies and define strategic priorities in the years ahead. LGIM also takes into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.</p>
Investment Manager Process to determine how to Vote
<p>All decisions are made by LGIM’s Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures its stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.</p>

How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure it continues to help its clients in fulfilling their reporting obligations. LGIM also believes public transparency of its vote activity is critical for its clients and interested parties to hold LGIM to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what it deemed were 'material votes'. LGIM is evolving its approach in line with the new regulation and are committed to provide its clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM notes a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM provides information on significant votes in the format of detailed case studies in its quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. It also provides the rationale for all votes cast against management, including votes of support to shareholder resolutions. If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on its website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

Does the manager utilise a Proxy Voting System? If so, please detail

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. Its use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that it receives from ISS for UK companies when making specific voting decisions.

To ensure its proxy provider votes in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what it considers are minimum best practice standards which LGIM believes all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Microsoft Corporation	Elect Director Satya Nadella	Against	94.7% of shareholders supported the election.
LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.			
Apple Inc.	Resolution 9 – Report on Civil Rights Audit	For	53.6% of shareholders supported the resolution.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
Recruit Holdings Co., Ltd.	Resolution 5 Amend Articles to Allow Virtual Only Shareholder Meetings	Against	83.8% of shareholders supported the resolution.
LGIM will continue to engage on this important ESG issue.			
Visa Inc.	Resolution 1d - Elect Director Alfred F, Kelly, Jr	Against	96.3% of shareholders supported the resolution.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
The Procter & Gamble Company	Elect Director David S. Taylor	For	97.3% of shareholders supported the resolution.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			

Agreed and Approved by the Trustee of the Bland Bankart Retirement Benefits Scheme on 15 December 2022